



House of Representatives

General Assembly

File No. 290

January Session, 2013

Substitute House Bill No. 6380

House of Representatives, April 2, 2013

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective October 1, 2013*) (a) When a covered loss
2 for real property requires the replacement of an item or items and the
3 replacement item or items do not match adjacent items in quality, color
4 or size, the insurer shall replace all such items so as to conform to a
5 reasonably uniform appearance. This provision shall apply to interior
6 and exterior covered losses. The insured shall not bear any cost over
7 the applicable deductible, if any, for such replacement.
- 8 (b) Nothing in this subsection shall be construed to impose liability
9 on an insurer as a warrantor of any work performed pursuant to this
10 subsection.
- 11 (c) Nothing in this subsection shall be construed to authorize or
12 preclude enforcement of policy provisions relating to settlement
13 disputes.

14 Sec. 2. (NEW) (*Effective October 1, 2013*) (a) The declination,
15 cancellation or nonrenewal of a homeowners insurance policy is
16 prohibited if the declination, cancellation or nonrenewal is based solely
17 on a loss incurred as a result of a catastrophic event. For the purposes
18 of this section, an insurer shall not be deemed to have declined,
19 cancelled or nonrenewed a policy if coverage is available through an
20 affiliated insurer.

21 (b) The declination or nonrenewal of a homeowners insurance
22 policy, the addition of a surcharge or any increase in the premium of
23 such policy is prohibited if the declination, nonrenewal, surcharge or
24 increase is based solely on any claim filed on the covered property
25 while such property was owned by anyone other than the current
26 applicant or insured, unless the risk from which such claim originated
27 has not been mitigated.

28 (c) The cancellation or nonrenewal of a homeowners insurance
29 policy or an increase in the premium of such policy is prohibited if the
30 cancellation, nonrenewal or increase is based solely on inquiries made
31 on such policy or a claim filed under such policy that resulted in a loss
32 coverage payment by the insurer of less than five hundred dollars or in
33 no loss coverage payment. Such prohibition shall not apply if the
34 insured filed more than one claim resulting from a noncatastrophic
35 event in the three policy years immediately preceding that resulted in
36 any loss coverage payment by the insurer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	New section
Sec. 2	<i>October 1, 2013</i>	New section

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill makes certain requirements for property and casualty insurance policies. As it concerns private insurance transactions, there is no fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6380*****AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE POLICIES.*****SUMMARY:**

This bill prohibits an insurer from declining, cancelling, or failing to renew a homeowners policy or increasing its cost under several circumstances.

The bill requires that insurance policies covering real property ensure that the surroundings of a damaged item that is replaced match the replaced item.

EFFECTIVE DATE: October 1, 2013

PROHIBITIONS REGARDING HOMEOWNERS POLICIES

The bill prohibits an insurer from declining, cancelling, or failing to renew a homeowners insurance policy solely due to a loss incurred as a result of a catastrophic event. However, it may offer coverage through an affiliated insurer. Neither the bill nor current law defines “catastrophic event.”

The bill prohibits an insurer from declining or failing to renew a homeowners policy, adding a surcharge on a claim, increasing the policy premium if this action is based on any claim filed on the covered property while anyone, other than the current applicant or insured, owned the property, unless the risk from which the claim originated has not been mitigated.

The bill prohibits an insurer from (1) cancelling or failing to renew a homeowners policy or (2) increasing its premium if this action is based solely on inquiries made on the policy or a claim filed under it that

resulted in a payment by the insurer of less than \$500 or in no loss coverage payment. The prohibition does not apply if the insured filed more than one claim resulting from a non-catastrophic event in the three policy years immediately preceding that resulted in a loss coverage payment by the insurer.

MATCHING REPLACEMENT ITEMS

Under the bill, when a loss covered under a policy for real property requires replacing a damaged item that will not match the quality, color, or size of adjacent items, the insurer replace these items to provide a reasonably uniform appearance. This requirement applies to both interior and exterior covered losses. The insured is not required to pay any cost of the applicable deductible for the replacement.

These provisions (1) do not impose liability on an insurer as a warrantor of any of the work or (2) authorize or preclude enforcement of policy provisions relating to settlement disputes.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 17 Nay 1 (03/14/2013)